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C O N F I D E N T I A L SECTION 01 OF 02 NEW DELHI 007966

SIPDIS

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TAGS: [PREL](#) [PGOV](#) [TSPA](#) [PTER](#) [ECON](#) [IN](#) [IS](#)

SUBJECT: INDO-ISRAEL RELATIONS BACK ON TRACK

REF: A. NEW DELHI 7348

[B](#). NEW DELHI 981

Classified By: DCM Robert O. Blake, Jr. Reasons 1.4 (B,D).

[1](#)1. (C) Summary: Israeli Vice Prime Minister Ehud Olmert's December 5-10 visit to India was "extremely positive" and provided an opportunity to expand the bilateral relationship beyond defense, Israel Embassy DCM Yoed Magen told A/PolCouns and Poloff on December 16. The visit, the first high-level exchange between India and Israel since the UPA government assumed power in May, was a welcome improvement over the poor foreign office consultations that took place in November. Even FM Natwar Singh emphasized the importance of ties with Jerusalem, a reflection of the growing consensus within the GOI about the utility of good relations with Israel. Magen said the successful Counter Terrorism Joint Working Group, held just prior to Olmert's visit, highlighted the countries' mutual concerns and helped recover the momentum lost after the foreign office consultations. Israel raised its concerns about Iran, prompting NSA Dixit to acknowledge that India faces a "real dilemma," given New Delhi's good relations with Iran and Tehran's nuclear ambitions. If the November India-Israel foreign office consultations demonstrated the sometimes opposing views at work within the GOI on relations with Israel, the Vice PM's visit illustrated solid support for them at the Ministerial level. End Summary.

Many Ministers But No PM

[1](#)2. (C) Offering a readout of the first high-level exchange between India and Israel since the UPA government assumed power, Israel Embassy DCM Yoed Magen (protect throughout) told A/PolCouns and Poloff that the December 5-10 visit of Vice Prime Minister Ehud Olmert was a significant improvement over the "uncomfortable" foreign office consultations held in November (Ref A). Signaling New Delhi's intent to strengthen ties with Israel, Olmert received meetings with seven ministers, including FM Natwar Singh, Finance Minister Chidambaram, and Minister of Commerce Kamal Nath, as well as the Ministers of Agriculture, Science and Technology, and the Ministers of State for Communications and Information Technology, and the Prime Minister's Office.

[1](#)3. (C) PM Manmohan Singh declined to meet with the delegation, despite former PM Vajpayee's meeting with Deputy PM Silvan Shalom (of lower rank than Olmert) in February (Ref B). Magen opined that a meeting with the PM would have publicly signaled a "close degree of intimacy" with Israel, something the GOI may prefer to keep private. Reflecting the economic focus of the visit, representatives from over 50 Israeli companies also participated in the trip and traveled to Bangalore, Mumbai, and New Delhi, and held hundreds of meetings with Indian business people.

Natwar's Friendly Gesture

[1](#)4. (C) According to Magen, Olmert had an "excellent" discussion with FM Natwar Singh, a stark contrast to the "disappointing" foreign office consultations held at the Secretary level in November. He speculated that the meeting

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was the first time Natwar had ever been exposed to Israeli policy directly from a senior Israeli official, calling the conversation an "extremely important step in building confidence between the two countries." He said that Natwar and Olmert "had good chemistry" during the meetings, and the FM unexpectedly appeared at a dinner in honor of the Israeli delegation, "as a friendly gesture and to reassure Israel of the importance India attaches to relations." Natwar emphasized that Israel was important to him, "despite what people say," Magen stated, adding that he heard Natwar had excused himself from a cabinet meeting in order to attend the dinner. Commenting on the evolution of Natwar's thinking, Magen noted that the FM did not mention the Non-Aligned Movement once during his November 6 speech at a "Hindustan Times" conference or in his recent remarks before Parliament.

[1](#)5. (C) As an emerging global power, India does not want to be absent from developments in the Middle East, Magen observed, noting that New Delhi has been demonstrating a greater interest in the region. In 1991 when the Israeli-Palestinian peace process began, India had no role

because New Delhi did not have diplomatic relations with Jerusalem. The GOI, including NSA Dixit and PM Manmohan Singh, now recognize the "ground reality" there, he argued, adding that either Defense Minister Mukherjee or FM Natwar Singh would likely visit Israel in the coming months.

Counter Terrorism: "On Safe Ground"

16. (C) Offering a readout of the December 1 India-Israel Counter Terrorism Joint Working Group (CTJWG), Magen told us the event "helped bring the relationship back on course." Led by Israeli Deputy Director for Strategic Affairs Jeremy Issacharoff, the CTJWG underlined the two countries similar concerns and approach to terrorism and terrorist financing. The Israelis felt so comfortable discussing counter terrorism with India that "we felt that we were on safe ground," he remarked.

Iran

17. (C) Issacharoff raised Israeli concerns about Iran "very sharply" with New Delhi during the CTJWG, Magen remarked, adding that Olmert's delegation also flagged nuclear-related concerns and Iran's negative role in the Middle East peace process. The Israelis argued that Iran's influence in the occupied territories deters progress, stressing that "whatever happens in the Middle East will affect India." NSA Dixit reportedly told Issacharoff that India faces a "real dilemma" because "we have good relations with Iran, but the nuclear issue is a problem." Magen said Dixit had said that he was blunt during his mid-October visit to Tehran, telling the Iranians to honor their international commitments (to the Non-Proliferation Treaty) or "pay the consequences."

Beyond Defense

18. (C) Magen noted that a major objective of Olmert's visit had been to diversify relations beyond defense, to include cooperation in economic, hi-tech, biotechnology, and agricultural areas. The two countries agreed to establish a joint study group to formulate a comprehensive economic partnership, and signed an agreement with the Ministry of Finance that would set up a mechanism to guarantee Israeli investments (comparable to the USG's OPIC). He commented that Israel had raised the issue last year, but the GOI had not been interested. Finance Minister P Chidambaram approved the agreement during the visit, a move that surprised Magen.

Comment

19. (C) If the November India-Israel foreign office consultations demonstrated the sometimes opposing views at work within the GOI on relations with Israel, the Vice Prime Minister's visit illustrated solid support for them at the Ministerial level. While India may not want to publicize its ties with Jerusalem (evidenced by the PM's refusal to meet with the delegation), neither does it want to slow the pace of bilateral engagement. India will likely continue to enhance its ties to Israel, while maintaining a low public profile.

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